

§50407. Conversion of Property--Treatment.

- (a) Conversion of property in itself from one form to another has no effect on eligibility; however, the property obtained through a conversion may have an effect on eligibility and therefore shall be evaluated to determine its effect.
- (b) Insurance or other third-party payments for the loss or damage of property shall be treated as converted property rather than income.

TN No. 98-005A
Supersedes
TN No. _____

Approval Date: AUG 27 2001 Effective Date: January 1, 1998

§50414. Share of Encumbrances Determination.

(a) The share of encumbrances shall be determined as follows:

(1) Determine the total market value of the property.

(2) Determine the market value of the portion of the property that is to be considered.

(3) Divide the amount determined in (2) by the amount determined in (1) to obtain the percentage that the portion of property is of the total property.

(4) Multiply the total encumbrances on the property by the percentage determined in (3) above. This is the share of encumbrances.

TN No. 98-005A

Supersedes

TN No. _____

Approval Date: AUG 27 2001

Effective Date: January 1, 1998

§50415. Net Market Value of Property.

- (a) The net market value of real or personal property is the owner's equity in that property.
- (b) The net market value shall be determined by subtracting the encumbrances of record from the market value.
- (c) The net market value of real or personal property owned jointly with other persons shall be determined by subtracting the beneficiary's share of encumbrances from the beneficiary's interest in the property.

TN No. 98-005A

Supersedes

TN No. _____

Approval Date: AUG 27 2001

Effective Date: January 1, 1998

§50419. Property Reserve.

The property reserve is the net market value of the nonexempt property of those persons whose property is considered in determining the eligibility of the MFBU.

TN No. 98-005A
Supersedes
TN No. _____

Approval Date: AUG 27 2001 Effective Date: January 1, 1998

§50420. Property Limit.

(a) The property reserve shall not exceed the following limits.

<i>Number of Persons</i>	<i>Property Limit</i>	<i>Property Limit</i>	<i>Property Limit</i>	<i>Property Limit</i>	<i>Property Limit</i>
<i>Whose Property is Considered</i>	<i>1985</i>	<i>1986</i>	<i>1987</i>	<i>1988</i>	<i>1989</i>
1 person	1,600	1,700	1,800	1,900	2,000
2 persons	2,400	2,550	2,700	2,850	3,000
3 persons	2,550	2,700	2,850	3,000	3,150
4 persons	2,700	2,850	3,000	3,150	3,300
5 persons	2,850	3,000	3,150	3,300	3,450
6 persons	3,000	3,150	3,300	3,450	3,600
7 persons	3,150	3,300	3,450	3,600	3,750
8 persons	3,300	3,450	3,600	3,750	3,900
9 persons	3,450	3,600	3,750	3,900	4,050
10 persons or more	3,600	3,750	3,900	4,050	4,200

(b) The members of the MFBU shall be ineligible for Medi-Cal if the condition specified in (a) above is not met at some time during the month in which application is made.

(c) If the property reserve has been in excess of the property limit from the first day of the month of application through the date of application the MFBU shall be eligible under the following conditions:

(1) The property reserve is brought within the property limit in any manner other than transfer without adequate consideration by the last day of the month of application.

(2) All other conditions of eligibility are met.

(d) The provisions of this regulation also apply to eligibility determinations or redeterminations made retroactively to January 1, 1985.

TN No. 98-005A

Supersedes

TN No. _____

Approval Date: AUG 27 2001

Effective Date: January 1, 1998

§50442. Life Estate.

- (a) A life estate interest in real property shall be considered real property.
- (b) A life estate interest in personal property shall be considered personal property.
- (c) The value of a life estate shall be:
 - (1) The entire market value of the property on which the life estate is held if the applicant or beneficiary was the owner of the property prior to selling the property and he/she is retaining a life estate interest in the property, and the Life estate is revocable, or
 - (2) In all other instances, the value determined in accordance with the California State Gift Inheritance Tax Formula or, at the applicant's or beneficiary's option, a lesser value established by a person qualified to appraise such items as described in Section 50441 (c) (2).

TN No. 98-005A
Supersedes
TN No. _____

Approval Date: AUG 27 2001 Effective Date: January 1, 1998

§50443. American Indian's Interest in Land Held in Trust by United States Government.

The entire market value of an American Indian's interest in land held in trust by the United States Government shall be exempt.

TN No. 98-005A
Supersedes
TN No. _____

Approval Date: AUG 27 2001 Effective Date: January 1, 1998

§50445. Federal Payments to Indians and Alaskan Natives--Property.

(a) Payments received from the Federal Government under Public Law 90-507 shall be excluded from consideration as personal property when the total of nonexempt personal property, including such payments does not exceed \$2,000 for each individual. Payments converted into other property shall be treated the same as the payments. However, if the property received through such a conversion is again converted, the property acquired is included in the property reserve unless otherwise exempt.

(b) Payments received from the Federal Government under Public Law 92-254 or Section 6 of Public Law 87-775 shall be exempt.

(c) Per capita payments distributed pursuant to any judgment of the Indian Claims Commission or the Court of Claims in favor of any Indian Tribe are exempt.

(d) Shares of stock and money payments made to Alaskan Natives under the Alaskan Native Claims Settlement Act are exempt as long as the payments or stock remain separately identifiable and not comingled with nonexempt resources. Any property obtained from stock investments under the Act is not exempt.

(e) Receipts derived from lands, as specified in Section 50537(e), shall be exempt providing all of the following conditions are met. The monies:

- (1) Are retained by the original recipient.
- (2) Are not comingled.
- (3) Can be separately identified as a proportionate share of the applicant's or beneficiary's property.

TN No. 98-005A

Supersedes

TN No. _____

Approval Date: AUG 27 2001

Effective Date: January 1, 1998

§50446. Payments to Victims of the National Socialist Persecution.

(a) Payments received from the Federal Republic of Germany (German Reparations Payments) pursuant to the federal law on the Compensation of Victims of the National Socialist Persecution (Federal Compensation Law) shall be exempt from consideration as personal property provided these funds are not spent and are kept identifiable.

(b) If the funds referred to in subsection (a) have been spent, the property acquired with the funds shall be included in the property reserve unless otherwise exempt.

(c) If the exempt funds referred to in subsection (a) have been commingled with nonexempt funds, it is the applicant's or beneficiary's responsibility to be able to distinguish which are the exempt commingled funds. It is presumed that withdrawals from an account in which exempt and nonexempt funds have been commingled were made from the nonexempt fund first.

TN No. 98-005A

Supersedes

TN No. _____

Approval Date: AUG 27 2001 Effective Date: January 1, 1998

§50448. Payments to Victims of Crimes--Treatment as Property.

Payments made under the California Victims of Crimes program, which are exempt as income in the month of receipt in accordance with Section 50534, shall be exempt as property for the 9-month period beginning after the month in which the payment was received.

TN No. 98-005A

Supersedes

TN No. _____

Approval Date: AUG 27 2001

Effective Date: January 1, 1998

§50448.5. Relocation Assistance Benefits.

- (a) Relocation assistance benefits are payments made by a public agency to a person who has been relocated as a result of a program of area redevelopment, urban renewal, freeway construction, or any other public development involving demolition or condemnation of existing housing.
- (b) Relocation Assistance Benefits paid by a public agency shall be exempt provided these funds are not spent and are kept identifiable.
- (c) If the exempt funds referred to in subsection (b) have been commingled with nonexempt funds, it is the applicant's or beneficiary's responsibility to be able to distinguish which are the exempt commingled funds. It is presumed that withdrawals from an account in which exempt and nonexempt funds have been commingled were made from the nonexempt funds first.

TN No. 98-005A

Supersedes

TN No. _____

Approval Date: AUG 27 2001 Effective Date: January 1, 1998

§50451. Cash on Hand.

Cash on hand shall be included in the property reserve, unless it is income received in that month.

TN No. 98-005A
Supersedes
TN No. _____

Approval Date: AUG 27 2001 Effective Date: January 1, 1998

§50453.7. Long-Term Care Insurance Exemption.

(a) Property shall be exempt up to the amount of benefits that have been paid for Long-Term Care services countable towards the Medi-Cal property exemption as defined in Section 58023 in behalf of the Medi-Cal applicant or Medi-Cal beneficiary under a certified long-term care insurance policy or certificate certified by the State to provide this exemption.

(b) Property exempted under subsection (a) shall also be exempt from any recovery by the State of payments made for medical services.

(c) Income received from property exempt under subsection (a) shall be nonexempt and shall be treated in accordance with regulations contained in Article 10 of Chapter 8.

(d) The Medi-Cal applicant or Medi-Cal beneficiary shall provide verification from the insurance company of the amount of qualified benefits paid which entitle that applicant or beneficiary to an exemption under subsection (a). After notifying the Department in accordance with Probate Code, Sections 215 and 9202, the person handling the estate of a deceased Medi-Cal beneficiary shall also provide verification to the Department from the insurance company of the amount of qualified benefits paid which entitle that deceased beneficiary to an exemption under subsection (b).

(1) If the verification provided by the insurance company is found to be in error resulting in the ineligibility of the Medi-Cal applicant or Medi-Cal beneficiary, the County shall notify the Department to take appropriate actions against the insurance company under Section 58082(e).

(2) If the verification provided by the insurance company is found to be in such a condition that the County cannot determine whether the Medi-Cal applicant or Medi-Cal beneficiary is entitled to an exemption under subsection (a), the County shall determine that the Medi-Cal applicant or Medi-Cal beneficiary is not entitled to such an exemption and shall notify the Department to take appropriate actions against the insurance company under Section 58082(f) of the Partnership Regulations for Insurers.

(3) If the verification provided to the Department by the person handling the estate of a deceased beneficiary is found to be either in error, or in such a condition that the Department cannot determine whether the deceased beneficiary is entitled to an exemption under subsection (b), the Department shall take appropriate actions against the insurance company under Section 58082(e) and (f).

TN No. 98-005A

Supersedes

TN No. _____

Approval Date: AUG 27 2001Effective Date: January 1, 1998

§50454. Income Tax Refunds.

Income tax refunds shall be included in the property reserve.

TN No. 98-005A
Supersedes
TN No. _____

Approval Date: AUG 27 2001 Effective Date: January 1, 1998

§50455. Lump Sum Payments.

(a) Nonrecurring lump sum social insurance payments, such as nonrecurring lump sum payments of any of the items specified in section 50507(a)(1) through (9), shall be included in the property reserve, except as provided in (b).

(b) Retroactive SSI and Title II benefit payments shall not be included in the property reserve for a period of six months after the month in which they are received.

(c) The provisions of this regulation also apply to eligibility determinations or redeterminations made retroactively to October 1, 1984.

TN No. 98-005A
Supersedes
TN No. _____

Approval Date: AUG 27 2006 Effective Date: January 1, 1998

§50476. Burial Insurance.

Burial insurance with no cash surrender value shall be exempt. Burial insurance with a cash surrender value shall be considered a revocable burial fund and shall be treated as provided for in section 50479.

TN No. 98-005A
Supersedes
TN No. _____

Approval Date: AUG 27 2001 Effective Date: January 1, 1998

§50477. Burial Plots, Vaults and Crypts.

- (a) Any burial plot, vault or crypt retained by the applicant or beneficiary for use by any member of the family shall be exempt. For the purposes of this section only, the family shall include the applicant or beneficiary, his/her spouse, adult or minor children (including adopted and stepchildren), siblings, parents, adoptive parents, and the spouses of those individuals.
- (b) The net market value of any burial plot not exempted above is other real property and shall be subject to all conditions placed on other real property in these regulations.
- (c) The net market value of any burial vault or crypt not exempted above is personal property and shall be included in the property reserve.
- (d) The net market value of a burial plot, vault or crypt shall be the net market value listed by the applicant or beneficiary on the Statement of Facts, unless the county department determines further verification is required. If verification is required:
 - (1) The applicant or beneficiary shall submit a statement of value from the organization from which the plot, vault or crypt was purchased. This statement of value shall be the market value.
 - (2) Subtract encumbrances of record from the market value. This is the net market value.

TN No. 98-005A

Supersedes

TN No. _____

Approval Date: AUG 27 2001 Effective Date: January 1, 1998

§50479. Burial Funds.

(a) All of the following burial funds for an individual shall be exempt.

(1) Money or securities placed in an irrevocable trust for funeral, cremation, or interment expenses with the following trustees: any banking institution or trust company empowered by the State of California to act as trustee in the handling of trust funds, cemetery authority which has established an endowment care fund, or not less than three persons one of whom may be in the employ of a funeral director.

(2) Money or securities placed in an irrevocable trust created by the deposit in an insured savings institution made by one person of his or her own money in his or her own name as trustee for a funeral director to provide payment for funeral services rendered by the funeral director upon the depositor's death.

(3) Life or burial insurance purchased specifically for funeral, cremation, or interment expense, which is placed in an irrevocable trust or which has no loan or surrender value available to the recipient.

(4) Securities issued by a licensed cemetery authority which by their terms are convertible only into payment for funeral, cremation, or interment expenses.

(b) The first \$1,500 paid for designated burial funds for funeral, cremation or interment expenses for an individual shall be exempt when the fund is revocable.

(c) Designated burial funds include burial trusts, prepaid burial contracts, burial insurance, annuities or any separately identifiable assets which are clearly designated as set aside for the expenses connected with the individual's burial, cremation, or other funeral arrangements.

(d) Interest earned on or appreciation in value of either an exempt burial fund described in subsection (a), above or revocable designated burial fund described in subsections (b) and (c), above shall be exempt if it is left to accumulate and become part of the separately identifiable burial fund.

(e) The amount of designated burial funds which are not exempt shall be included in the property reserve.

TN No. 98-005A

Supersedes

TN No. _____

Approval Date: AUG 27 2001 Effective Date: January 1, 1998

§50481. Disaster and Emergency Assistance Payments.

Disaster and emergency assistance payments, regardless of the date of receipt, and any interest earned from such payments, shall be permanently exempt and shall not be included in the property reserve. This exemption applies only to such payments received from federal, state, or local government agencies, or disaster assistance organizations.

TN No. 98-005A
Supersedes
TN No. _____

Approval Date: AUG 27 2001 Effective Date: January 1, 1998

§50487. Stocks Held by Natives of Alaska.

Shares of stock in a regional or village corporation held by natives of Alaska for a 20 year period during which such stock cannot be conveyed, transferred or surrendered, shall be exempt.

TN No. 98-005A

Supersedes

TN No. _____

Approval Date: AUG 27 2001 Effective Date: January 1, 1998



DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Care Financing
Administration
Region IX

75 Hawthorne St.
Suite 401
San Francisco, CA 94105

AUG 27 2001

Gail L. Margolis, Deputy Director
Medical Care Services
Department of Health Services
714 P Street, Room 1253
Sacramento, California 95814

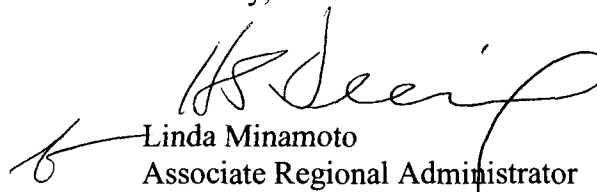
Dear Ms. Margolis:

Enclosed is a copy of California State plan amendment (SPA) No. 98-005A, which the Centers for Medicare & Medicaid Services (CMS) has approved effective January 1, 1998, as requested. SPA 98-005 was submitted by the Department of Health Services on March 31, 1998, (and corrected on May 29, 1998) to obtain approval for income and resource standards and less restrictive income and resource methodologies under the Section 1931 program. In the Department's August 23, 2001 response to our June 29, 1998 request for additional information, you requested that this SPA be separated into two SPAs: 98-005A, which deals with resources and 98-005B, which deals with income. We now consider these to be two separate SPAs and this approval relates to 98-005A, resources.

With the concurrence of your staff, pen-and-ink changes were made to the material submitted. Block 7 of form HCFA-179 was amended to show the Federal budget impact in thousands, and various pages of Supplement 12b to Attachment 2.6-A were changed to reflect the proper date on the pre-print. July 16, 1996, should be shown rather than June 16, 1996.

Should you have any questions regarding our approval of this SPA, please contact Pat Daley at (415) 744-3592.

Sincerely,


Linda Minamoto
Associate Regional Administrator
Division of Medicaid

Enclosure

cc: Elliott Weisman, CMS, Center for Medicaid and State Operations ✓ (2 copies)
Judith Rhoades, CMS, Center for Medicaid and State Operations
Barbara Hardiman, DHS, California State Plan Coordinator

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: <u>9 8 - 0 0 5 B</u> ^{PJD}	2. STATE: <u>CALIFORNIA</u>
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
4. PROPOSED EFFECTIVE DATE <u>January 1, 1998</u>	

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

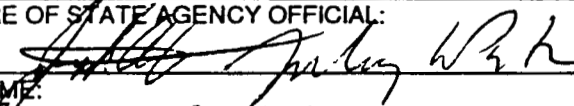
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)


6. FEDERAL STATUTE/REGULATION CITATION: <u>Social Security Act, Section 1931</u>	7. FEDERAL BUDGET IMPACT: a. FFY <u>97/98</u> \$ <u>\$4,942,800</u> b. FFY <u>98/99</u> \$ <u>\$9,885,700</u> ^{PJD}
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: <u>Supplement 12 of Attachment 2.6-A</u> <u>Supplement 12a of Attachment 2.6-A</u> Supplement 12b of Attachment 2.6-A ^{PJD}	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): <u>Supplement 12 of Attachment 2.6-A, Pages 1-3.</u> ^{PJD}

10. SUBJECT OF AMENDMENT:
Income Standards and Income and Resource Methodologies Under Section 1931

11. GOVERNOR'S REVIEW (Check One):

<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT	<input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Governor's Office does not wish to review State Plan Amendments
<input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED	
<input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL	

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO: Department of Health Services Attn: State Plan Coordinator 714 P Street, Room 1640 Sacramento, CA 95814
13. TYPED NAME: <u>J. Douglas Porter</u>	
14. TITLE: <u>Deputy Director</u>	
15. DATE SUBMITTED: <u>3/30/98</u>	

FOR REGIONAL OFFICE USE ONLY	
17. DATE RECEIVED: <u>March 31, 1998</u>	18. DATE APPROVED: <u>8/27/01</u>
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: <u>January 1, 1998</u>	20. SIGNATURE OF REGIONAL OFFICIAL: 
21. TYPED NAME: <u>Linda Minamoto</u>	22. TITLE: <u>Associate Regional Administrator</u> <u>Division of Medicaid</u>
23. REMARKS:	

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory: California

ELIGIBILITY UNDER SECTION 1931 OF THE ACT

The State covers low-income families and children under Section 1931 of the Act as follows:

California covers families and children who meet the "linkage" requirements of California's AFDC State Plan effective July, 16, 1996, or as described in this Plan; and who meet the financial eligibility requirements for the Section 1931 program, and who meet the other non-financial eligibility requirements of the Section 1931 program.

The following groups were included in the AFDC State Plan effective July 16, 1996:

 X Pregnant women with no other eligible children.

 X AFDC children age 18 who are full-time students in a secondary school or in the equivalent level of vocational school or technical training.

 X Parents, and other caretaker relatives, of deprived children.

 In determining eligibility for Medicaid, the agency uses the AFDC standards and methodologies in effect as of July 16, 1996. without modification.

 X In determining eligibility for Medicaid, the agency uses the AFDC standards and methodologies in effect as of July 16, 1996. with the following modifications.

 The agency applies lower income standards which are no lower than the AFDC standards in effect on May 1, 1988, as follows:

 The agency applies higher income standards than those in effect as of July 16, 1996, increased by no more than the percentage increases in the CPI-U since July 16, 1996, as follows:

 The agency applies lower resource standards which are no lower than the AFDC standards in effect on May 1, 1988, as follows:

_____ The agency applies higher resource standards than those in effect as of July 16, 1996, increased by no more than the percentage increases in the CPI-U since July 16, 1996, as follows:

 X The agency uses less restrictive income and/or resource methodologies than those in effect as of July 16, 1996, as follows:

See Supplement 12a to Attachment 2.6-A for less restrictive income methodologies.
See Supplement 12b to Attachment 2.6-A for less restrictive resource methodologies.

The income and/or resource methodologies that the less restrictive methodologies replace are as follows:

See Supplement 12a and Supplement 12b to Attachment 2.6-A.

_____ The agency terminates medical assistance (except for certain pregnant women and children) for individuals who fail to meet TANF work requirements.

 X The agency continues to apply the following waivers of provisions of Part A of title IV in effect as of July 16, 1996, or submitted prior to August 22, 1996 and approved by the Secretary on or before July 1, 1997.

The following Title IV-A waivers affecting Medi-Cal will be continued to be applied until further notice, as permitted under Public Law 104-1294.

1. 100-Hour Rule

This waiver was submitted as part of the California Department of Social Services California Work Pays Demonstration Project. This waiver continues the disregard of the 100-hour rule in determining deprivation based on unemployment for beneficiaries under Section 1931. This is a waiver of Section 402(a)(41) of the Social Security Act and Sections 233.100(a)(1)(i) and 233.1000(c)(1)(iii) of Title 45, Code of Federal Regulations. This waiver is in effect statewide.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory: California

ELIGIBILITY UNDER SECTION 1931 OF THE ACT

METHODOLOGIES FOR TREATMENT OF INCOME THAT DIFFER FROM THOSE OF
THE AFDC PROGRAM AS IT EXISTED ON JULY 16, 1996
(More Liberal Than AFDC)

Effective January 1, 1998, in determining eligibility for Medicaid under Section 1931, Title XIX of the Social Security Act, the agency uses the AFDC income methodologies in effect as of July 16, 1996, except where the agency has adopted more liberal income methodologies. These more liberal methodologies are listed below (none of the methodologies listed below will result in an Section 1931 income exclusion which is more restrictive than its AFDC counterpart):

and Recipients:

1. Applicants^{*}All income in excess of the AFDC 185% gross income test is disregarded for purposes of that test.*
2. Applicants and Recipients: An income disregard for families containing one or more members who receive cash assistance from the TANF or SSI/SSP which is equal to the amount of the difference between the cash assistance payment the family member(s) would have received if she/he were the only person in the family with income, and the cash assistance payment she/he receives.*
3. Applicants and Recipients: For purposes of determining net self-employment income, the individual gets a either a 40 percent deduction from their business revenue or the AFDC self-employment deductions, whichever is to their advantage.
4. Applicants and recipients: An exemption for the following payments made by California's TANF Program (CalWORKS): cash assistance payments, "diversion" payments, and payments for the "Special Needs" of the family.*
5. Applicants and Recipients: A disregard equal to the amount that California's TANF program's (CalWORKS) highest Minimum Basic Standard of Adequate Care (MBSAC) levels appropriate for the size of the family exceeds the July 16, 1996 AFDC Maximum Aid Payment (MAP) appropriate for the size of the family. Effective 8/99, until the current highest CalWORKS MAP is higher than the 7/99 highest CalWORKS MBSAC, the 7/99 highest CalWORKS MBSAC will be used in place of the current highest CalWORKS MBSAC in the preceding sentence. After that point, a disregard equal to the amount that highest CalWORKS MAP levels appropriate for the size of the family exceeds the July 16, 1996 MAP appropriate for the size of the family.* **

6. Applicants and recipients: a disregard of \$240 against the disability-based unearned income of the Medi-Cal Family Budget Unit (MFBU).*
7. Recipients: A disregard of any unused part of the \$240 from paragraph #6 against the combined earnings of the two highest earners in the family; an additional \$120 is disregarded from the earnings of each additional member of the family; then a disregard of 50% is deducted from each individual's remaining earnings. This disregard replaces the AFDC \$30 and 1/3 deduction and the AFDC \$90 deduction for recipients, *when it is advantageous to the family.* *ESD*

* Note: These income exclusions do not replace any AFDC income exclusions.

** This income deduction, when added to the July 16, 1996 AFDC income standard will produce an effective Section 1931 income limit, called the CalWORKs MBSAC-based income limit, equal to the highest CalWORKs MBSAC. After July 1999, the Section 1931 (CalWORKs MBSAC-based) income limit utilizing this disregard is "frozen". The Section 1931 CalWORKs MBSAC-based income limit will remain frozen until the CalWORKs MAP-based income limit is higher. Then the Section 1931 CalWORKs -based income limit will be based on the CalWORKs MAP.



DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Care Financing
Administration
Region IX

75 Hawthorne St.
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San Francisco, CA 94105

AUG 27 2001

Gail L. Margolis, Deputy Director
Medical Care Services
Department of Health Services
714 P Street, Room 1253
Sacramento, California 95814

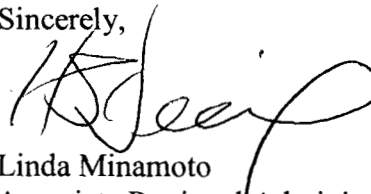
Dear Ms. Margolis:

Enclosed is a copy of California State plan amendment (SPA) No. 98-005B, which the Centers for Medicare & Medicaid Services (CMS) has approved effective January 1, 1998, as requested. SPA 98-005 was submitted by the Department of Health Services on March 31, 1998, (and corrected on May 29, 1998) to obtain approval for income and resource standards and less restrictive income and resource methodologies under the Section 1931 program. In the Department's August 23, 2001 response to our June 29, 1998 request for additional information, you requested that this SPA be separated into two SPAs: 98-005A, which deals with resources and 98-005B, which deals primarily with income. This August 23 response dealt with SPA 98-005A, resources. Your August 24, 2001 response for SPA 98-005B deals with income disregards and the standards for both income and resources. This approval relates to 98-005B.

With the concurrence of your staff, several pen-and-ink changes were made to the material submitted. The SPA number was changed to 98-005B, Block 7 of form HCFA-179 was amended to show the Federal budget impact in thousands, and Blocks 8 and 9 were amended to reflect the material submitted with this SPA and superseded. In addition, the SPA number on Supplement 12 to Attachment 2.6-A, Pages 1 and 2 was changed to 98-005B. In Supplement 12a to Attachment 2.6-A, Page 1, Item 1 was changed to show that this disregard applies to both applicants and recipients. Item 7 on Page 2 of this Supplement had a phrase added to reflect the fact that this disregard is used when it is advantageous to the family.

Should you have any questions regarding our approval of this SPA, please contact Pat Daley at (415) 744-3592.

Sincerely,


Linda Minamoto
Associate Regional Administrator
Division of Medicaid

Enclosure

cc: Elliott Weisman, CMS, Center for Medicaid and State Operations ✓ (2 copies)
Judith Rhoades, CMS, Center for Medicaid and State Operations
Barbara Hardiman, DHS, California State Plan Coordinator